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December 15, 2017

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company - Annual Review of the Purchased Gas Adjustment and Gas Purchasing Policies; Docket No. 2006-5-G
Notification that cost of gas factors will not be adjusted for the January 2018 billing cycles

Dear Ms. Boyd:

By Order No. 2006-679 ("Order"), dated November 13, 2006, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") authorized South Carolina Electric & Gas Company ("SCE&G" or "Company") to adjust its cost of gas factors monthly pursuant to Paragraph 4 of the Settlement Agreement adopted and approved by the Commission. Pursuant to the approved procedure and before the first billing cycle of each month, SCE&G recalculates its forecast total cost of gas factors to determine whether an adjustment should be made to the current cost of gas factors. If there is no Material Difference (this term is defined in Order Exhibit No. 1 and subsequently modified by Order No. 2009-910 issued in Docket No. 2009-5-G) between the newly recalculated gas cost factors and the gas cost factors currently in effect, then SCE&G has the discretion to adjust rates if it believes there would be a reasonable impact to customer bills. If the Company chooses not to adjust the gas cost factors currently in effect, then SCE&G is to notify the Commission, the South Carolina Office of Regulatory Staff ("ORS"), and the South Carolina Energy Users Committee ("SCEUC") that the existing cost of gas factors will remain in effect for the next billing cycle. If, however, a Material Difference exists or the Company chooses to exercise its discretion and adjust its rates, then SCE&G is to notify the Commission, ORS, and the SCEUC of the Company's intent to adjust its gas cost factors beginning with the first billing cycle in the next succeeding month.

(Continued ...)

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In accordance with the approved procedure, the Company has recalculated its forecast total cost of gas factors to be effective with the Company's first billing cycle in January 2018. Based upon the Company's updated calculations, no Material Difference exists between the newly recalculated gas cost factors and the gas cost factors currently in effect. Moreover, SCE&G is not electing to exercise its discretion and adjust rates at this time. Therefore, for the January 2018 billing cycles, this letter serves as notification to the Commission that no adjustment will be made to the total cost of gas factors currently in effect.

By copy of this letter and in compliance with the Order, we are also notifying ORS and the SCEUC that the current total cost of gas factors will remain in effect for January 2018. In addition, we are providing them with copies of updated versions of Exhibits A and B evidencing that no Material Difference exists between the newly recalculated cost of gas factors and the factors currently in effect.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Matthew W. Gissendanner

MWG/kms
Enclosures

cc: Jeffrey M. Nelson, Esquire
Scott Elliott, Esquire
Dawn Hipp
(all via First Class U.S. mail and electronic mail w/enclosures)

Michael Seaman-Huynh
Matt Schellinger
(both via electronic mail w/enclosures)

Exhibit A

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY
PROJECTED COMMODITY AND DEMAND COSTS
(OVER)/UNDER COLLECTION**

	<u>COMM COST PER THERM (COL. 1)</u>	<u>BILLING COMM COST PER THERM (COL. 2)</u>	<u>DIFFERENCE (COL. 3)</u>	<u>FIRM SALES THERMS (COL. 4)</u>	<u>COMMODITY (OVER)/UNDER COLLECTION (COL. 5)</u>	<u>CUMULATIVE COMMODITY (OVER)/UNDER COLLECTION (COL. 6)</u>	<u>DEMAND (OVER)/UNDER COLLECTION (COL. 7)</u>	<u>CUMULATIVE DEMAND (OVER)/UNDER COLLECTION (COL. 8)</u>	<u>TOTAL (OVER)/UNDER COLLECTION (COL. 9)</u>	<u>CUMULATIVE TOTAL (OVER)/UNDER COLLECTION (COL. 10)</u>
BEGINNING BAL. @ Dec 17						(\$4,030,016)		\$11,958,641		\$7,928,625
Jan-18	\$0.27597	\$0.32094	(\$0.04496)	46,172,601	(\$2,076,075)	(\$6,106,091)	(\$10,614,717)	\$1,343,925	(\$12,690,792)	(\$4,762,166)
Feb-18	\$0.22925	\$0.32094	(\$0.09168)	42,467,419	(\$3,893,546)	(\$9,999,637)	(\$1,627,642)	(\$283,717)	(\$5,521,188)	(\$10,283,354)
Mar-18	\$0.26332	\$0.32094	(\$0.05762)	32,630,026	(\$1,880,075)	(\$11,879,713)	\$1,179,967	\$896,249	(\$700,108)	(\$10,983,462)
Apr-18	\$0.26667	\$0.32094	(\$0.05426)	19,963,155	(\$1,083,272)	(\$12,962,985)	\$2,275,020	\$3,171,269	\$1,191,748	(\$9,791,716)
May-18	\$0.39858	\$0.32094	\$0.07764	11,820,134	\$917,706	(\$12,045,279)	\$1,873,205	\$5,044,474	\$2,790,911	(\$7,000,805)
Jun-18	\$0.41211	\$0.32094	\$0.09117	9,431,858	\$859,901	(\$11,185,378)	\$2,691,188	\$7,735,662	\$3,551,088	(\$3,449,715)
Jul-18	\$0.48188	\$0.32094	\$0.16095	8,534,887	\$1,373,657	(\$9,811,721)	\$2,059,653	\$9,795,315	\$3,433,310	(\$16,405)
Aug-18	\$0.56909	\$0.32094	\$0.24815	8,397,699	\$2,083,920	(\$7,727,801)	\$2,512,063	\$12,307,378	\$4,595,983	\$4,579,577
Sep-18	\$0.49705	\$0.32094	\$0.17611	8,690,381	\$1,530,490	(\$6,197,312)	\$1,962,701	\$14,270,079	\$3,493,191	\$8,072,768
Oct-18	\$0.48599	\$0.32094	\$0.16506	11,192,628	\$1,847,405	(\$4,349,907)	(\$1,683,221)	\$12,586,859	\$164,184	\$8,236,951
Nov-18	\$0.47861	\$0.32094	\$0.15768	18,147,554	\$2,861,441	(\$1,488,466)	(\$5,019,348)	\$7,567,510	(\$2,157,907)	\$6,079,044
Dec-18	\$0.36565	\$0.32094	\$0.04471	33,288,828	\$1,488,466	(\$0)	(\$7,567,510)	\$0	(\$6,079,044)	\$0
Total				250,737,170	\$4,030,016		(\$11,958,640)		(\$7,928,625)	

Exhibit B

**South Carolina Electric and Gas Company
Development of DCOG, CCOG and Total Cost of Gas Factors**

Jan-18	Residential	SGS / MGS	LGS
DCOG Factor	\$0.33025	\$0.17242	\$0.22627
CCOG Factor	\$0.31768	\$0.31768	\$0.31768
Total Cost of Gas Factor	\$0.64793	\$0.49010	\$0.54395